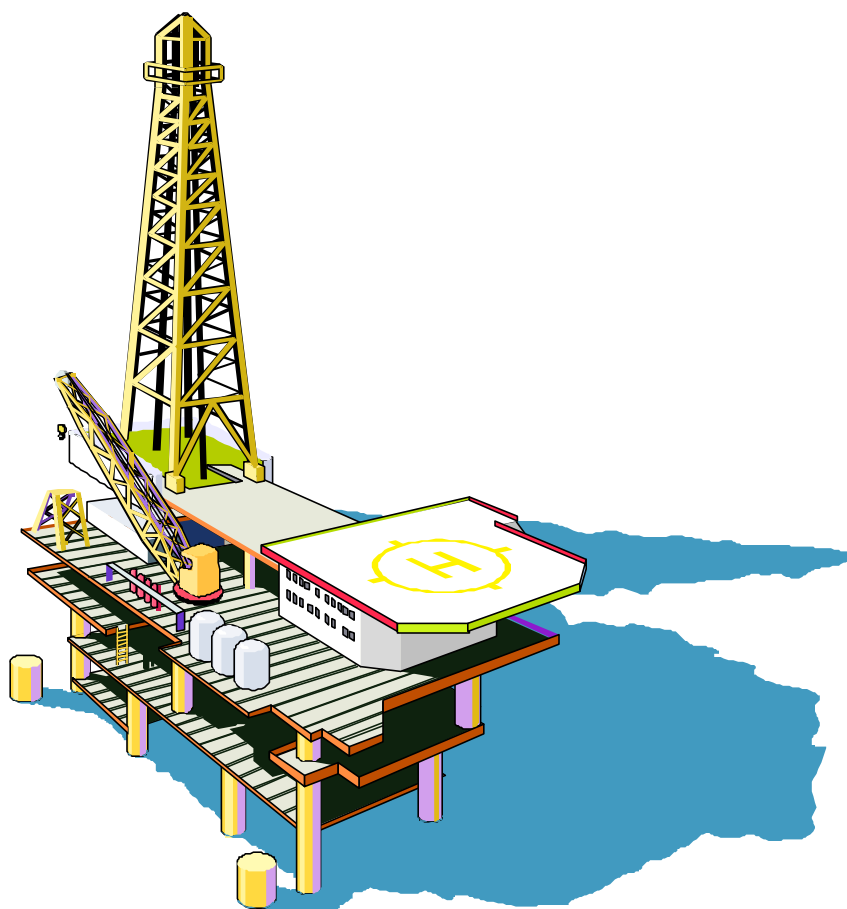




EPA

Economic Analysis of Final Effluent Limitations Guidelines and Standards for Synthetic-Based Drilling Fluids and other Non-Aqueous Drilling Fluids in the Oil and Gas Extraction Point Source Category



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Questions or comments regarding this report should be addressed to:

Mr. James C. Covington, III, Economist
Engineering and Analysis Division (4303)
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, N.W.
Washington, DC 20460
(202) 260-5132
covington.james@epa.gov

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SECTION ONE

INTRODUCTION

The U.S. Environmental Protection Agency (EPA) is regulating the discharge of synthetic-based drilling fluids (SBFs), other non-aqueous drilling fluids, and the resultant contaminated drill cuttings from drilling operations. This Economic Analysis (EA) report is written to address the economic impacts of this Final Effluent Limitation Guidelines for Synthetic-Based and Other Non-Aqueous Drilling Fluids. Currently, effluent guidelines pertaining to the discharge of drilling fluids address two specific types of fluids:

- # Oil-based drilling fluids (OBFs) that use diesel and mineral oil, which are prohibited from being discharged.
- # Water-based drilling fluids (WBFs), which can be discharged in certain limited offshore regions subject to meeting certain discharge requirements, including a sheen test and an aqueous toxicity test.

In many cases, SBFs and SBF-contaminated cuttings are not clearly prohibited from discharge, nor are they clearly allowed to be discharged, since the relevant effluent guidelines that define allowable conditions for discharge of drilling fluids and cuttings were developed before SBFs and other non-aqueous drilling fluids were widely available. To address this lack of clarity in existing effluent guidelines and to more clearly define allowable discharge conditions for SBF and other non-aqueous drilling wastes, EPA is promulgating Final Effluent Limitations Guidelines for Synthetic-Based and Other Non-Aqueous Drilling Fluids (known hereafter as the SBF Guidelines; where this report uses the term SBF, other non-aqueous fluids and associated cuttings are included in this term). The analyses in this report rely on publicly available or industry-provided data exclusively.

The SBF Guidelines will control the discharge of SBF-contaminated drill cuttings (SBF-cuttings). Discharge of the fluids themselves will be prohibited. Furthermore, the SBF guidelines will only apply where discharge of drilling waste is currently allowed. Because drilling fluids and cutting may only be discharged in a portion of offshore areas, the operations that might be affected by this proposed